

HOUSE BILL NO. 43

INTRODUCED BY MUSGROVE

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING OIL AND GAS PRODUCERS TO ITEMIZE CHARGES
ASSESSED TO THE OWNER OF A NATURAL GAS ROYALTY; INCREASING THE CRIMINAL PENALTY FOR
IMPROPER RECORDING OR REPORTING; AMENDING SECTION 82-10-104, MCA; AND PROVIDING AN
A DELAYED EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 82-10-104, MCA, is amended to read:

"82-10-104. Payment of royalties -- form of record required. (1) An oil and gas producer paying royalties by check, draft, or order shall include with every ~~such~~ payment a form showing the following matters relating to that payment:

- (a) the name of the royalty owner to whom the payment is made;
- (b) the date of the check, draft, or order;
- (c) any royalty owner identification number used by the producer for ~~such~~ the royalty owner;
- (d) the ~~month and year~~ time period during which production occurred for which payment is being made;
- (e) any number used to identify the lease under which production occurred;
- (f) the type of product produced;
- (g) barrels of oil ~~and/or~~ and cubic feet of gas for which payment is made;
- (h) the amount and type of all taxes withheld;
- (i) the net value of production; ~~and~~
- (j) the royalty owner's net value; AND

(K) CONTACT INFORMATION FOR OBTAINING ADDITIONAL INFORMATION REGARDING THE PAYMENT AND ANSWERS TO QUESTIONS.

(2) In addition to the information required in subsection (1), a AN OIL AND gas producer paying royalties to a royalty owner shall, at the time of payment, specify by line item every charge assessed against the royalty owner, describe how the assessment is calculated, and list the name of the beneficiary of the assessment. Line items may include but are not limited to charges and assessments for:

1 ~~_____ (a) production and pumping;~~

2 ~~_____ (b) gathering;~~

3 ~~_____ (c) transporting;~~

4 ~~_____ (d) treatment;~~

5 ~~_____ (e) specific itemized service charges; and~~

6 ~~_____ (f) any other assessments unique to the circumstance.~~

7 ~~(2)(3)~~ Any person purposely and knowingly violating the provisions of subsection (1) or (2) is guilty of
8 a misdemeanor and upon conviction shall be punished by a fine of not more than ~~\$10,000 or less than \$1,000.~~

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10 NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, ~~2005~~ 2006.

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